# Management Services in Government

May 1980 Volume 35 Number 2

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**Vol 35 No 2** **May 1980**

Produced by the Civil Service Department Management Group,
in collaboration with Departmental Management Services Officers

London: Her Majesty's Stationery Office.

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First published 1980

ISBN 0 11 722074 4
ISSN 0307-8558

Communications about the contents of *Management Services in Government* should be addressed to the Editor at the Civil Service Department, Old Admiralty Building, Whitehall, London SW1A 2AZ.

Communications concerning subscriptions and sales should be addressed to Her Majesty's Stationery Office, PO Box 569, London SE1 9NH, or any of the bookshops listed on the cover.

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Management Services in Government
May 1980 Volume 35 Number 2

# Contents

*Page*

61 Ministers and Management in Whitehall
*Rt Hon Michael Heseltine, MP*

69 Watch-Dog at the Window: The Public Service Advisory Council in the Irish Public Service
*Colm Lincoln*

76 Diagnosis—That Important First Step
*A Phillips*

83 A Trial of Stand Alone Word Processors
*E L Baldwin-Smith*

88 The Principal Directorate of Technical Costs, Ministry of Defence
*R G Masters*

95 Energy Demand Projections
*P C I Roberts*

101 Machinery of Government changes during 1979

108 Management Consultants in Government

111 New CSD Publications

112 Letter to the Editor

We are sorry that, because of an industrial dispute in the printing industry, this issue is late and it has not been possible to produce the supplement listing computer installations in government departments which usually accompanies it. We hope to include it in a later issue.

# Ministers and Management in Whitehall

The Rt Hon MICHAEL HESELTINE, MP

This article is based on an address by Mr Heseltine to the Westminster Branch of the British Institute of Management—*Editor.*

## Introduction

What I want to discuss here is the concept of management in Whitehall, and the role which I believe Ministers must play, in a managerial as well as a political sense, in the work of the departments over which the Prime Minister has appointed them. I do so only in my personal capacity as I am the first to realise that other Ministers will achieve their own priorities in different, perhaps better, ways. But I think that many of the general points I want to make apply on a basis wider than just one department and indeed have a place in the administration of local as well as national government.

## Management and policy

The first question is whether and why a Minister should be in the business of management at all.

There is certainly a well rehearsed argument that elected representatives lay down policy and that officers carry it out. In Whitehall terms, Ministers lay down policy, civil servants carry it out. Many believe that that division of responsibility holds as good today as it did when it was first advanced. I understand this analysis, but I believe that at least a part of the weak performance of the British economy over past decades stems from such an approach.

The division of responsibility was, I have no doubt, tenable when the role of the state was but a fraction of its present self and when the administration that followed from a political decision involved few people and relatively little money. But whereas 50 years ago the public sector employed about 7 per cent of the employed population, today it employs 30 per cent: and whereas, 50 years ago public expenditure was about 25 per cent of Gross National Product (GNP), today it is approaching 50 per cent. When the doctrine of divided responsibility first emerged the gap was even wider.

## Growth of the public sector

Decade by decade the public sector has grown. We have not adjusted

to the new scales of organisations and expenditure. Just as it originally was, so the emphasis has remained on the Parliamentary process and on policy making. The administration has grown but the administrator has in no way risen in status commensurate with that growth. It is argued that the process of growing public sector activity is irreversible. The evidence certainly points that way. How does one change it? In my view only by managing it.

**The problems in managing the public sector**

What do I mean by managing? I mean three things:

—setting clear objectives;
—a strategy to reach those objectives;
—a method of monitoring progress to ensure that one is not losing momentum or, if one is, that one can adjust to new circumstances deliberately and quickly.

So you can see that by management I do not mean simply day-to-day administration; I also mean deciding what we ought to be doing and how we should be doing it.

The first of these factors seems uncontroversial. But that is far from the case for, with the transfer of emphasis in economic activity from the private to the public sector, the first consequence is a removal of discipline and clarity of purpose.

The private sector often finds it difficult itself to define clear objectives. Typically the scale is small and the consequences measurable. There are areas where objectives are blurred and, even in the profit-seeking private company, a range of factors unrelated to profit or only uncertainly measurable in terms of profit influences judgements. Family businesses often pursue policies that appeal to the owners and often decide that they are as large as they wish to be even where higher profits could be obtained. But even so the bank balance, the profit and loss account, competition and market place and monopoly laws provide a set of disciplines that are without equal in the public sector.

The purpose of the public sector is often not capable of expression in statistical or numerate ways. Even when it is, the politicisation of economic judgements confuses to a point where motives become difficult to analyse and consequences hard to measure. In industrial terms the public sector lacks the discipline which the market place provid elsewhere, yet it spends more money and employs more people than ever before.

I have been involved in as many parliamentary battles against nationalisation as anyone in parliament today. I have never heard the most rudimentary case put forward as to the way in which the industry about to be nationalised is to be run or what practical objectives it is to seek or what disciplines it is to observe. One often hears why the private sector has failed but any details about the future will be 'a matter for the yet to be appointed new management'. No clear objective there.

I believe that in practice there is no difference in the administration of the machinery of Government under either party, nor can there be without detailed management involvement.

**Reducing the size of the Department of the Environment**

Take the Department of the Environment (DOE). It is big. The number of staff in post at 1 April 1980 was 48,280. (About 7 per cent of the civil service—the fourth biggest department in Whitehall.) By comparison only 31 UK firms (and 11 nationalised industries) have a bigger labour force. In 1978/79, the DOE was responsible for roughly £7¼ billion (thousand million) of public expenditure, out of a rough total of £69 billion (11·6 per cent). Compare that with the private sector. Only two UK firms had a bigger turnover in this year—BP at £14·7 billion and Shell at £11·4 billion. Unilever, by comparison, had a turnover of about £4 billion.

Expenditure in the DOE field can be compared not only with major firms, but also with entire countries. Eight billion pounds is more than the entire budget of Finland (£5·7 billion) and is pushing half the total expenditure of advanced industrial countries like Belgium (£18·5 billion) or Sweden (£18 billion).

So what do the words 'clear objectives' mean in managing such a colossus? Certainly we can try to get our policy objectives right. But as important as policy initiatives to the present Government is the need to reduce the size of the public sector. But by how much? Am I expected to take an arbitrary target—5 per cent off and I have done badly—15 per cent off and I have done well? How can I know what is success, what is failure unless I look at the detail—what exactly are we doing, why and under whose authority? And how do you look at the detail without asking basic questions about whether the management is doing it properly, and whether we need as a department to be doing all the things—often quite minor—that we are doing.

Targets must be used with caution. They should not become a substitute for the more grinding work of looking at a whole spectrum of activity in detail. They can ask too little of the inefficient or overweight and, once set out and achieved, they may be obstacles to further advance on the grounds that 'we have done our bit'. They are a tool of management with particular relevance to an organisation that has already been tightly run with clear discipline over a period of time. But for an administration that has not been subject to such close and pressured scrutiny and is without defined disciplines they can be a barrier to progress. Public administration has grown both as a result of statute and of administrative practice over a long period. In far too wide a range of activity things are now done because they have been done for decades, and because no one questions the need for such activity to continue. Certainly there is no known way by which this accumulated activity is subject to regular detailed questioning by Ministers. The systems to do so don't exist.

**Setting objectives**

So my first task is to set clear objectives, and to do this I need a total view of my department. I have referred already to the sheer size of DOE and of the expenditure for which it is responsible. It is not as big as the departmental giants such as the Ministry of Defence or the Department of Health and Social Security, but DOE is almost unique in the range of its functions and its staff. This diversity is reflected in the organisation of the department which consists of 66 directorates each headed by an under secretary and grouped under 11 deputy secretaries. The problem is to get a feeling for, let alone a knowledge of, all this staff and their doings.

My approach—besides, of course, close and frequent discussion with on the one hand my ministerial team whom I meet daily and regular meetings with the permanent secretary and two second permanent secretaries—is face to face contact with the under secretaries and their immediate colleagues, from all 66 of whom I have received an out-turn report, showing the total number of staff for whom they are responsible, the cost of that staff on a unit cost basis and the under secretary's own conception of his aims and objectives together with a brief description of current tasks and problems. I thus have a summary description of what those in charge of the directorates comprising the department see as their main purpose and the way they are tackling it. I am reviewing these with them—and shall continue to do so—for I am convinced that it is only by this sort of approach, assisted, of course, by other methods, that I can ever hope to get clear objectives right across the department.

Information of this sort is readily available but it is of so general a character as to be insufficient for practical judgement. It follows from all this that a considerable effort—and some time too—is needed simply to get even to a point where management control is possible. I do not believe that Ministers can tackle the vast task of scrutinising and reducing the public sector until a detailed record of who is doing what and why in that sector is available for objective scrutiny. Until such a record exists we will be beaten by special pleading, ignorance and shortage of time. We need management accounts and we don't have them. That seems to me to point up two important lessons. First, that in the absence of such information, neither Ministers nor civil servants have in the past been properly equipped to exercise such management control: and secondly that the scale of the task that faces a minister and, indeed, his permanent secretary is formidable.

**Strategy**

I now come to my second point. Having objectives, we need a strategy to reach them. I am clear, however paradoxical it may sound, that this can only be achieved in detail. Strategy cannot be generalised in a department whose work is as wide-ranging as the Department of the Environment's, covering housing, land use planning, environmental

services, local government finance, etc. Each task must be examined on its merits and a detailed way forward found appropriate in the particular case. And all this needs to be logged so that a Minister can be clear what he has asked for, what he has agreed to, and what means of *pursuing* it he has approved.

**Monitoring progress**

The third essential therefore is monitoring progress. There is no point in going through the work I have described unless we also ask the sort of question which broadly comes under the heading of monitoring or reviewing. Are we achieving what we want and do we still want it?

The difficulty of monitoring in the public sector has to be recognised—how do you measure happiness?—or even cleanliness or urban dereliction? The problem is difficult and in some cases insoluble but in very many areas it is not quite as difficult as is often made out; there is far more ability to measure than one thinks—houses sold, pollution standards, and so on.

It is, of course, important to seek for qualitative and physical standards, analogous to those used in industry and commerce; and to avoid the trap of equating standards with expenditure. It is particularly important to look for such objective standards because then one is asked to be sure that improved management is not compared with cutting corners or delivery of indifferent services. If you can measure the benefit you can have at least a base to demonstrate that you have achieved better value for money.

It is worth considering every field to find out if there are worthwhile standards that can guide one. We shouldn't invent them. Sometimes they are irrelevant or misleading. We mustn't use them for the sake of it. But at least we should ask if they have a role.

There will always be a substantial public service. The detailed scrutiny in which I believe is to do the best one can to concentrate it where it can excel, to make it as effective and creative as possible and, as part of this, to avoid wasting the resources it represents. Don't spread the talent too thinly over jobs that don't need to be done when there are jobs that must be done that could be done better.

**The Minister as manager**

So what happens until we have the systems on which we are working? The most important thing is to move to detailed control as fast as possible.

First, recruitment. I have already referred to the size of DOE. When I arrived last May there were 52,122 staff in post (non-industrial and industrial). One of the government's earliest decisions was to impose a three month general ban on recruitment as a means of securing a 3 per cent reduction in Civil Service costs during the year. At the end of that general ban the number of staff in post had fallen to 50,649. By the beginning of April this year it had fallen to 48,280.

The reduction in numbers between 1 May and 1 April was over 7·3 per cent of the total. This saving was achieved without anyone being made redundant. It was the result of natural wastage and tight control on recruitment. Other Ministers are achieving similar results.

Let me explain what I do in the Department of Environment. The system I operate is not complex. It consists in my receiving monthly reports of staff in post in both Central DOE and PSA and in my vetting personally all proposals for recruitment beyond certain limited delegations which I have allowed to two—and only two—officers, one each in the establishments directorates in central DOE and the PSA. The principal delegations enable matters of urgency or safety to be dealt with at once. The savings were made possible in part by more efficient working arrangements—but more by a scrutiny of the jobs being done and stopping some of them. There are, of course, some aspects of the department's work which have been exempted from restraint on recruitment—safeguarding life, limb and property, are not matters for such controls.

My colleagues and I have taken a hard look at controls over local authorities—nearly 300 are to be scrapped. Then there is the issue of advice to local authorities. Waves of central government circulars have been a besetting, if often well-meant, sin of Whitehall. Circulars cause work in their compilation, cause work in recipient authorities and are, in any case, inconsistent with the idea that local authorities should be left free within a broad framework to do the things best suited to their own circumstances. All circulars which it is proposed to issue to English local authorities are now considered by my department and with the willing co-operation of my colleagues this has resulted in a drastic reduction in numbers.

In the year before this government took office, 222 circulars to local government were issued by DOE. In the first ten months of this administration there were only 64. These measures not only help save jobs in DOE; their beneficial effect goes much wider.

Performance monitoring sometimes leads you into unexpected revelations. One looks far beyond the big decisions. Minutiae are not unimportant or costless. Let me give you just one example—photocopying and filing. Few people (apart from Rank Xerox managers!) would dissent from the motion that we all do too much of it. It occurred to me recently that the cost of simply photocopying the documents for one meeting I attended was £102. How many people work for a week to produce that much tax—just to photocopy documents. One of my top civil servant's tax bills for one week was spent on just these photocopies (or it might have been the tax bill of one of you).

The next questions were obvious. For every photocopy, a messenger to distribute it to the copyee. For every copy a file. For every file a messenger to take it about, a clerk to register it and keep it in order, a clerk to retrieve it, space to store it.

My department took 40 million copies last year. It took my officials 870 man years to read them. How did we ever run the greatest empire the world ever saw without photocopiers? Rather better I suspect than we run our own country today.

And where are all those copies? They are stored at Hayes. So lorries and drivers are needed to get them there and bring them back if someone needs them. Actually I discovered this is not such a problem because some civil servants have their own private systems of filing so that they do not have to wait for the files to come back. But we still need a building. A building with 11 miles of shelving, with more in reserve. And my department is filling them up at the rate of one mile a year.

**Conclusions**

I want to draw six conclusions from this brief review of a very large topic.

1. Although the government intends to reduce public expenditure there will continue to be a large public sector, and big departments of state, which must be managed in the best interests of the country as a whole.

2. Ministers cannot avoid this task. Only they have the authority to do this management. It is their responsibility to see that departments carry out the tasks decided by Parliament and the Cabinet and that the departments themselves are lean, efficient and effective.

3. The most important aspect of this approach is the relationship between Ministers and civil servants. We could do none of these things without them and indeed, one feels, I hope not over optimistically, that what we are doing is as interesting to them as it is to us.

4. When I talk of being involved in management I do not for a moment mean by that that politicians would or should become like managers in the industrial sense of that word. I mean only that all the information tools of management should be available to politicians and to civil servants.

5. In the end, the ability to run the public sector in this country depends on the civil servants. They are fully capable of doing the job but there must be a degree of partnership between Ministers and civil servants that is uncharacteristic of the past. It is a two way process. Ministers must beware of their own demands for a defence against all possible contingencies. This leads to over-elaboration. There has to be judgement before one seeks to avoid all possibility of error. In certain fields—eg safety—standards cannot be compromised, but in others a balance must be struck between an imagined and often illusory perfection on the one hand, and the imposed costs on the other.

I have stressed over and over again that I do not look for redundancies. Natural wastage should be by far the most important aspect of

reducing size. The further one removes the spectre of redundancy the more I would hope to attract the understanding and co-operation of those whose careers often lie in my department. This means dealing straightforwardly with the staff side and the anxieties they have, in good time and with full recognition of the role trade unions and staff sides have. I do not hide from my staff the fact that fewer civil service jobs in DOE will result from my policies. But it is part of the management task to explain what we are trying to achieve. My staff should hear things from me, not from rumours or leaks in the press. That is also why I have spoken to the senior staff of DOE assembled together and why my Ministerial colleagues have met staff in the regional offices up and down the country.

6. I believe the methods we are devising for good management in the civil service are equally valid for local government.

**To sum up**

I believe we are faced, as a nation, by a task of national revival as daunting as we have ever faced. Efficient management is a key to the revival. If Britain's managers fail, we can turn out the lights. And the management ethos must run right through our national life—private and public companies, civil service, nationalised industries, local government, the National Health Service.

By management ethos I mean the process of examining what we are doing, setting realistic targets, fitting them to the resources available, and monitoring performance—and then, very important, telling people what the results are so that we can go back to the beginning of the loop and improve from there.

# Watch-dog at the window: the Public Service Advisory Council in the Irish Public Service

COLM LINCOLN, Department of the Public Service, Dublin

Colm Lincoln is the Secretary of the Public Service Advisory Council—*Editor*.

**General background**

In the Irish public service there is an institution which is unusual and, perhaps, unique. It is a standing council, set up on a statutory basis, whose job it is to keep an eye on the functioning of the public service and to submit a report once a year to the Minister for the Public Service—a report which is laid before the Houses of Parliament. The Council is still in its infancy, having been born as recently as 1973, but it is growing and developing in administrative stature. This short article outlines the origins, role and activities of the Public Service Advisory Council in the Irish Government system.

The one and 'onlie begetter' of the Council was the Public Services Organisation Review Group 1966-1969. This was an investigating body set up in 1966 by the Irish Government 'to examine and report on the organisation of the Departments of State at the higher levels, including the appropriate distribution of functions as between both Departments themselves and Departments and other bodies'. The group was quite small in number—only eight members—but large in experience and expertise. It included distinguished public servants together with university and private sector representatives. It also included a public servant from one of the Scandinavian countries. It should be noted that the remit of the Public Services Organisation Review Group was considerably broader than that of the Fulton Committee which, around about that time, was carrying out its examination of the British civil service. (It may be of interest to record that members of the Group visited the British committee and had discussions with its chairman and secretariat.) The report of the Group, which was issued in the Autumn of 1969, is commonly referred to as the 'Devlin Report': the Chairman of the Group was Dr Liam St J Devlin, the Chairman of one of the larger commercial state-sponsored bodies.

The main recommendations in the Devlin Report are well known to Irish public servants but they can be summarised very briefly here. The Devlin Group were greatly concerned with the fact that, as it

appeared to them, Ministers and top officials were so involved in the details of day-to-day business that they had too little time to devote to the formulation of overall policy. This led to one of their key recommendations. The Group recommended that separate institutional arrangements should be made for, on the one hand, policy making and other broad and important functions and, on the other hand, the carrying out of policy and delivery of services to the client public. The institutional arrangements recommended were to be achieved by the division of each Department of State into an 'Aireacht' (the Gaelic term for Ministry), a policy-making and overall management area grouped around the Minister, and a number of executive units which would carry out settled policy with maximum freedom. Included in these executive units would be state-sponsored bodies of a non-commercial (ie non-trading) nature as well as executive branches of Departments. In general, the executive units would be much bigger in terms of total numbers employed than the Aireachts, or policy-making entities. It will be seen that, to some extent at least, the group seems to have been influenced by the Swedish model, in which Ministries themselves are quite small and the main day-to-day public sector business is carried out by state bodies or executive units.

Another key recommendation of the Devlin Group was the building up of a system of staff support to management. The group identified four areas in which this support was essential, viz the areas of planning, finance, organisation and personnel. These staff support functions would be coordinated at the centre by the Department of Finance so far as planning and finance were concerned and by a new Department of the Public Service (to be hived-off from the Department of Finance) as regards the other two areas. The Devlin Group made a large number of other important recommendations, including many which were designed to strengthen the personnel function and others which proposed the re-distribution of functions among different Government Departments and other public service agencies. These recommendations need not detain us here—what we are concerned with is the recommendation to set up the Public Service Advisory Council.

The Government accepted in principle the main recommendations of the Devlin Group. The first step in the carrying into effect of the Government's decision was, obviously, the setting up of the separate Department of the Public Service. Legislation for the purpose was introduced in Parliament but, for a number of reasons, it was not until 1973 that the legislation (the Ministers and Secretaries (Amendment) Act, 1973) was enacted.

**The Devlin Recommendations**

At this point, it is worth quoting in full the paragraph in the Devlin Report which recommended the establishment of a Public Service Advisory Council. The paragraph is as follows:

'14.1.6 The reorganisation of the public service and its subsequent maintenance at the highest possible level of efficiency is a matter of such great public interest that it must be subject to a dynamic for adaptation from outside and it must be seen to be continuously adapting itself. We, therefore, recommend the establishment of a Public Service Department—to survey the progress of the private sector, three from the public sector and the Secretary of the Public Service Department,—to survey the progress of the reorganisation of the public service. Appointments should be for a term of two years but, initially, to preserve continuity, one person from each sector should be appointed for four years, one from each sector for three years and one from the public and two from the private sector for two years. The Advisory Council should review the work of the Department and its progress in the reorganisation of the public service in a report presented to the Minister for Finance and the Public Service each year. This report, after consideration by the Government, should be laid before the Oireachtas. While procedure will be a matter for the Council itself, we envisage that it will meet frequently. It should be able to suggest new methods and techniques but should not have executive powers. Its members should be nominated by the Government and, to secure an incentive for change from outside the public service, the Chairman should also be nominated by the Government from the private sector representatives.'

The Devlin Group did not say whether the Public Service Advisory Council should be set up on a statutory basis or not but, as legislation was in any case needed in order to set up the Department of the Public Service, it was decided that it would be appropriate that the same legislation should cover the establishment of the Public Service Advisory Council. In the event, most of the text of the Ministers and Secretaries (Amendment) Act, 1973 and its Schedule is taken up with the setting out of the general functions of the Council and (in the Schedule) the details of appointment of its membership and the regulation of its meetings.

**Composition of the Council**

Although the statute itself does not lay down any specific requirements as to the composition of the Council, the membership of the eight-member Council has in practice followed the suggestions of the Devlin Group, viz four members from the private sector, three from the public sector together with, as an ex-officio member, the Secretary of the Department of the Public Service. Apart from the last named, the other members are appointed for a term of three years (not two years as recommended by Devlin). The suggestions of the Devlin Group aimed at achieving continuity together with a gradual 'turn over' of membership have been broadly followed, with appointments being made for three years and each year bringing new faces to the Council.

The first Chairman of the Council was Professor Patrick Lynch who occupied the chair of Political Economy (Applied Economics) at University College Dublin. Professor Lynch is a distinguished ex-civil servant and a former Chairman of the Institute of Public Administration. When Professor Lynch's term of office came to an end, he was succeeded as Chairman by Mr John McKone, a prominent figure in the building and construction industry. The three members of the Council who, together with the Secretary of the Department of the Public Service, make up the public sector half of the Council are normally drawn one each from the civil service area, the local authority area and the state-sponsored body area. One of the four members from the private sector is usually from the trade unions.

**Functions of the Council**

The Ministers and Secretaries (Amendment) Act, 1973 follows fairly closely the Devlin prescription as regards the functions which the Council should perform. The Act says that the general functions of the Council are to 'advise the Minister on the organisation of the public service and on matters relating to or affecting personnel in the public service'. The Act also specifies that the Council is, whenever the Minister so requests, to advise on matters relating to organisation or personnel in the public service. Apart from this, the Act (in the Schedule) requires that the Council shall report annually to the Minister on the organisation of the public service and on personnel practices in the public service. The Council's reports are laid before Parliament.

The Minister for the Public Service, in his address to the first meeting of the Public Service Advisory Council, described the Council as having 'a dual role of guide and watch-dog for the public interest' and also spoke of the Council providing a "window on the public service". It is appropriate, some seven years on, to examine the way in which the Council has performed this role.

**Reports of the Council**

So far as reports are concerned, the statutory requirement is that the Council must make its report not later than six months after the end of the period to which it relates. As the Council came into statutory existence on 1 November 1973, its first report was presented in the early months of 1975 and there have been four subsequent annual reports. The Minister for the Public Service has not, so far, requested the Council to furnish advice on any particular matter relating to organisation or personnel in the public service.

The reports of the Council are brief and to the point. Any one of them can be read in well under half an hour. They normally contain, as an appendix, a report by the Department of the Public Service on the progress made during the year of review in the programme for public service restructuring and reform. These appendices constitute, in effect, the annual reports of the Department of the Public Service.

Although the remit of the Council covers the entire public service, that is the local authority service and the state-sponsored body sector as well as the civil service, it has concentrated its attention almost entirely up to now on the civil service sector. It has, however, indicated in its Fourth Report that it will consider extending the range of its work to include local authorities and other public service bodies.

**How the Council goes about its work**

The Council meets regularly throughout the year—at least once a month and sometimes more frequently. Secretarial services are provided by the Department of the Public Service. The Council asks the Department of the Public Service from time to time to furnish memoranda on various topics currently being studied by the Council and invites officers from the Department to attend meetings of the Council for discussions on matters within their field of activity. The Council has also had meetings from time to time with the heads of Government Departments and Offices for the purpose of getting first-hand insights into progress in the programmes of public service reform both in the fields of organisation and personnel administration. Meetings have also taken place with representatives of the civil service staff associations. The Council has visited various Government Departments and has looked at activities in the fields of training and computer services. It was natural that it should have had discussions with the Institute of Public Administration—a body whose main objective is to promote the study and improve the standard of public administration. As a result of all these meetings and discussions and drawing on the knowledge and expertise of its own members, the Council discusses firstly the matters to which it will give priority in its next report and thereafter debates, sometimes at considerable length, successive drafts of the comments it considers appropriate to make in its report.

**Examples of the matters on which the Council has commented**

*Organisational and structural aspects of the reform programme*

The Council has, in general, endorsed the blue-print of the Devlin Group for the separation of policy and execution through the reorganisation of Departments into Aireachts and executive units and the establishment of a system of staff support in the areas of planning, finance, organisation and personnel. Progress in developing the new structures—in particular, the staff support units—has been steady, although slower than the Department of the Public Service, which has general responsibility for the carrying into effect of the Devlin reforms, would wish. The efforts of the Department in pressing ahead with the reforms are greatly helped by the continued insistence by the Council, in successive reports, for clearer and more effective action in these areas.

*Appellate system*

The Council has frequently drawn attention to the need for machinery for appeal against administrative decisions—as recommended by the Devlin Group. This question has been under active consideration for a considerable length of time at Government level and a Government Bill has recently been presented to Parliament with the object of setting up an office of Ombudsman.

*Personnel policy*

In its more recent reports the Council has placed greater stress on civil service personnel policy. In the Council's view, barriers of Department and class which impede movement of talented staff to senior positions in the civil service should be lowered, if not removed altogether. Again, these strongly-expressed views of the Council are helpful to the Department of the Public Service in its negotiations with the civil service staff associations on the introduction of arrangements to open up some higher posts to all-grade, service-wide competition. As well as the development of mobility within and between Departments, the Council favours the introduction of arrangements which would allow for the movement of personnel between Departments of State and other areas of the public service and between the public service generally and the private sector. The Council has also recommended the introduction of formalised schemes for staff development in all Departments. Programmes in all these areas are being pursued by the Department of the Public Service.

*Cost-effectiveness*

The Council has shown an increasing interest in the development of a more cost-effective public service through management audits, organisation and methods exercises, work surveys and computer development. It informs itself of developments in these fields through its continuous contacts with the Department of the Public Service and with other Departments and public service agencies.

*Implications at political level on reforming the public service so as to separate policy making from execution*

It is perhaps in this area that the Council has served its most useful function. Obviously, the fundamental changes involved in the restructuring programme depend on an informed political commitment to the programmes. Successive Governments have affirmed their commitment to restructuring the civil service broadly in line with the recommendations of the Devlin Group. To take one example, the Taoiseach (Prime Minister), Mr Lynch, following the general election in 1977 which returned his political party to power, acknowledged the role of the Council when he said that 'the Public Service Advisory Council in their reports have, rightly in my opinion, drawn attention to the fact that without conspicuous political will and commitment

public service reform will not occur. The new Government will not be found wanting in this respect.'

More recently the Public Service Advisory Council has concentrated its attention on the need to ensure that there is clarity of thinking on the implications of that part of the public service reform programme which involves the separation of responsibility for policy from the carrying out of day-to-day executive work. As the Council said in its Fifth Report '. . . Ministers are expected to show a degree of familiarity with detail which goes beyond what would be required if they were to devote themselves to policy matters to the degree envisaged in the Aireacht concept. To the extent that they may be called on by Ministers, senior officials are also affected by these pressures and . . . may, in fact, be forced to devote an inordinate amount of time to administrative detail as well'. For these reasons, and for others, the Council strongly emphasised the need for a political debate on this subject. In the event this process began, on a formal basis, by a debate in the Seanad (or Upper House) in November 1978 on the Council's Fourth Report. The debate represented a useful start and the Council would doubtless hope that this would be developed further—the next debate taking place, possibly, in the Dail (or Lower House).

While one of the main objectives of a Council constituted like the Public Service Advisory Council—the cross-fertilisation of ideas derived from drawing together people with differing experiences in the public and private sector—has been achieved, a less publicised advantage is one frequently adverted to by members of the Council. It is that a Council member from the private sector obtains a much greater appreciation of the problems and difficulties encountered in the public sector—and vice versa. This must go some way towards helping to remove misunderstandings between and, indeed, within sectors.

**Conclusion**

What then are the conclusions as regards the role and effectiveness of the Public Service Advisory Council up to the present? The Council's reports receive some publicity in the media once they are presented to the Houses of Parliament. They are commented on in more specialised publications by academics and other specialists in the field of public administration. They are debated at meetings at which questions of reform and adaptation of public sector structures and programmes are reviewed. There have been the beginnings of a debate at political level. All in all, the Public Service Advisory Council performs a valuable role in pricking the consciences of us all in relation to the pace of adapting our public service systems and programmes to meet changing needs. It may not be a particularly aggressive watch-dog but it has a remarkably clear vision through the window on the public service which it provides and it reports conscientiously and effectively on what it sees inside.

# Diagnosis—that important first step

A PHILLIPS, Civil Service Department

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> 'It isn't that they can't see the solution. It is that they can't see the problem'. (G K Chesterton. *The Point of a Pin.*)

The pertinence of my chosen quotation will be evident to experienced assignment officers who will recall the number of occasions that they have been called in to tackle a problem only to find that it is not the real cause of the organisation's difficulties. They find, as do medical practitioners, that the described symptoms signify a number of ailments and not necessarily that assumed by the patient.

Correct diagnosis is, therefore, vital to the success of any assignment or intervention. The aim of this article is to outline for the newcomer (and perhaps remind the more experienced about) the range of diagnostic methods available to him and to give, at the end, a warning of some of the dangers which can arise.

**Observation**

This is an often neglected source of material because it is not always recognised how much useful information can be gleaned by an impartial outsider that is not so evident to members of an organisation. It is particularly useful for studying the interactions and processes within groups but is also a valuable supplement to other forms of diagnosis.

For example as an aid to analysis of the work systems or a procedure study, observation enables the practitioner to get a feel of the job being done. A useful way of finding out exactly how a piece of work is processed is to follow it through from its entry into the system until it emerges at the other end. People often find it difficult to talk clearly and fully about their job; consequently it is easy for them to overlook some small but essential part of the process carried out routinely and so frequently that it has become almost automatic. Once identified, these 'gaps' can act as pointers to the areas to probe when carrying out interviews at a later stage.

Observation used in conjunction with interviewing can give clues to the pace of an office, the number of interruptions to routine, the number of consultations taking place, and the lines along which the

work flows, thus indicating possible organisational, procedural or communications problems. It is important to recognise, however, that these impressions, recorded by the senses whether aural or visual, are subjective and need to be confirmed by less subjective methods.

In studying interactive processes within groups, observation is an essential early part of group development. An observer, acting as a process counsellor, can isolate personality conflicts that inhibit the group, pick up system faults that cause difficulties, and assess whether the group has developed a procedure for using the resources at its disposal to help it work together more effectively. For this to succeed observers have to be trained to be consistent over time and between each other. There are a number of aids to analysis in the form of categories of interaction that can be used. These can be found in most books about group processes.

**Interviewing**

This is probably the most commonly used means of diagnosis and, like observation, is difficult to use objectively. It is natural for all of us to think that we are good at interviewing since it seems to be little more than just talking to other people. Most of us, however, benefit from training, particularly where this consists of hints and tips supplemented by supervised practice, more especially if closed-circuit television is used. Those who have had previous interviewing experience, eg for recruitment purposes, or with members of the public, will find that management consultancy interviews are different in character and draw on special skills.

If more than one person is carrying out interviews as part of the same study, it is advisable to try and achieve a fair degree of standardisation. The way in which questions are worded and asked (appearance, tone of voice, accent etc) can all have an influence on the way in which the person interviewed will respond. A lot of these biases can be overcome by standardisation and during team training. One way of achieving standardisation is to devise structured interview schedules for the interviewers—in effect conducting a questionnaire by interview rather than by written responses. This implies making a compromise between the validity of, and the variety, depth and 'richness' of, the results. The extent to which this is desirable and possible will depend on the purpose of the survey and the size of the sample being studied. If the sample is large and if it is necessary to subject the results to statistical analysis, then the interview will need to be highly structured. Another, less satisfactory way is for the team to meet frequently to compare notes and reactions.

At the preliminary survey stage of any study, eg when preparing for a questionnaire or interview schedule interviews will not normally be formally structured. Here the object is to get as much information as possible from a small sample of people in the organisation. From this sample practitioners can ascertain the areas that should be covered in

more detail and by structured surveys and the type of wording that will be appropriate; and get some idea of the language ('jargon') of the organisation.

Unstructured interviews do, however, cause problems through differences of interpretation by different interviewers. To overcome this, and also to make sure that points that need further probing are not glossed over, it is useful to interview in pairs with one member mainly observing and recording while the other conducts most of the interview.

**Questionnaires**

Though not as flexible as the interview and likely to produce information less rich in quality, the questionnaire is both a cheaper and a quicker way of covering a large number of people. In addition the data generated are more amenable to quantification and standardisation in analysis and it is sometimes easier to involve staff of the organisation in the preparation and conduct of the survey. However, if not designed with care, questionnaires can provide misleading and unreliable evidence. For example, questions can be worded with an unintentional bias or elicit preconceived response or in a way which leads the recipient to give the answer he thinks you want to read. It is advisable, therefore, if none of the team is trained in questionnaire design, to draw on other experience, eg the behavioural scientists in CSD's Management Development (MD) Division.

Questionnaires should only be used with specific aims in mind and it is important to design the questionnaire accordingly. The first step is likely to be a preliminary series of unstructured interviews. From this information a pilot questionnaire can be drawn up and given to a sample of the organisation to test whether the questions elicit the right information; that the questions are worded appropriately and are set out in the correct order; and to sift out questions that appear ambiguous, meaningless or offensive to respondents. Following any necessary revision the questionnaire can then be given either to all members of, or to a larger sample of, the organisation. If sampling is chosen care should be taken over the size and type of sample. Again it may be worth calling on expertise, eg of statisticians.

The design of questionnaires can vary from simple factual questions to more complex scaled items that provide the respondent with the opportunity of recording the relative strength of his or her opinion or attitude. It is also possible to include 'open' questions that do not limit the responses. Such questions are less easy to analyse because of the danger of misinterpretation of the reply when attempting classification. There are a number of existing attitude scales and survey items that can be incorporated into any questionnaire. These scales have been tested elsewhere for reliability and validity and thus make comparisons possible with other organisations as well as between units within the organisation involved.

**Group discussions**

If it is decided to use interviews—whether in supplementation of questionnaires or not, time can often be saved by conducting group discussions. (These can also be used during the initial stages of questionnaire design). The groups involved can consist of existing management working teams (family groups); groups of the same grade but made up of members of different work groups (peer groups); random groups of differing grades and levels from throughout the organisation; or *ad hoc* groups made up of a cross-section of people from the same division or branch. Apart from saving time, an advantage of such groups is the snowballing effect that can occur. One person may mention a particular problem and others who feel the same way can expand, build upon or clarify the thought. Others may start to suggest solutions that may not have been considered by those with the problem.

Practitioners can thus gain a better idea of the strength and depth of feeling within the organisation. However they should take care, because it is possible to form an exaggerated impression of the strength of feeling as a result of these group interactions.

The adoption of group working can make a valuable contribution to an assignment if, for example, any of the groups mentioned above are reformed into task forces to deal with specific problems.

**Climate analysis**

At the beginning of an assignment it may be useful to gain an insight into the state of the organisation (in jargon 'to establish where it is'). This insight will serve as an aid to establishing the problems and the developmental techniques designed to solve them and as a base against which a comparison can be made at a later date of the effects of the various changes.

There are a number of ways in which this can be conducted but in my view it should never be attempted without the help and advice of experts. I recommend, therefore, that anyone considering such a course should contact the behavioural scientists in MD of CSD who have considerable experience of this field in government.

**Staff suggestions**

One way of establishing problems in the organisation is to consider the suggestions made by the staff. Most departments have formal suggestion schemes and the secretary will usually be willing to co-operate in an examination of those made in the subject area or from a particular unit over a given period.

As an assignment progresses it may also be possible to arrange for publicity of difficult problems to be highlighted via the suggestions scheme machinery and solutions called for or even, with the co-operation of the secretary, to arrange some special approach designed to elicit ideas from the staff.

**Validity of information**

Problems of reliability can occur with any of the above methods. Errors may arise both from those carrying out the diagnosis and from those who are providing the information. The former can carry their own biases into the situation causing them to miss or ignore some data; to over-emphasise other data; or to misinterpret the information collected. The respondents may behave differently from usual just because they are under study; they may give replies that reflect what they think the interviewer or researcher wants; they may misunderstand questions; or they may be reticent or even hostile to the questioner—all causing erroneous results.

One way to overcome this is to check the results against information that already exists in the organisation. This can come from any number of sources; for instance management information systems may show up variances in performance between units. These may be reflected by differential responses to questions or may highlight a particular problem only mentioned by the staff of one unit. Statistics on staff turnover, sickness absences, discipline cases, or grievances from staff or any other personnel services information may confirm the results of diagnosis—as can complaints from members of the public. Existing staff suggestions schemes, Whitely Committee minutes, letters to the house journal, etc may indicate long standing problems and help verify the depth of feeling expressed during the diagnosis.

**Choice of method**

As will have been clear from the above, I am not suggesting that any diagnostic exercise calls for an exclusive choice between the above methods. It is likely that a combination of some or all of them will be used. This in itself helps to provide confirmatory evidence—one method providing data to back up that gained from another. The factors that need to be considered when deciding which method to use include the size of the organisation under study; the time available bearing in mind the need to balance the momentum of the assignment against the speed the organisation will bear; the extent and type of problems that have been suggested during the preliminary survey; the number of staff within the organisation to be involved; the complexity or precision required of the data, the nature of the task, the geographical organisation, the resources, including money available, etc.

**Feedback (re-cycling information to the organisation)**

There are two quite separate but equally important aspects of feedback to an organisation, namely to management and to staff. Normally management in setting up a study prescribes how it will receive feedback—eg through a Steering Group. Feedback to staff is however often overlooked. For example, one problem concerning reliability and validity of results, not mentioned above, concerns the respon-

dents' perception of the confidentiality of their replies. It is important to make clear to all respondents exactly what it is proposed to do with the information gathered. One essential prerequisite for useful and valid information appears to be a guarantee that all information fed back to the organisation, especially to management, will be aggregated so that no individual response to any question can be identified.

There are a number of different ways of feeding results back to the organisation and the method chosen seems to affect the quality of the data gathered. If it is intended that the results shall be reported solely to the top management of the unit for them to decide on further action, reliable data are more likely to be given if a commitment to take action on the results is made by the top management before the study begins. If the results are to be fed back only to the assignment steering group much will depend on how the group is seen in terms of its representative constitution. Here again a prior commitment to act may be helpful. A number of practitioners undertake surveys only on the condition that all members of the organisation, or at least all those who took part in it, will receive the results of the survey. This can be done by:

(a) a special issue of the house journal devoted to the survey report;
(b) a full report given to all staff;
(c) each individual or group of staff being given those parts of the report that concern them; or,
(d) an oral report by the study team to meetings of staff, eg to a meeting of the whole staff together or in divisions or branches, to each working group in turn, or to the groups that were used for collecting data in discussion sessions.

Giving an opportunity for the respondents to discuss the report seems to increase the likelihood of full co-operation from respondents. It is also a good way of stimulating suggestions for further action and for gaining commitment to implementation of proposals. This works in two ways. First, sceptics of the report may be convinced when faced with expressions of agreement from their colleagues in open discussion; and secondly, many studies have shown that decisions made by groups result in greater commitment to action by individuals if they have publicly expressed their support to colleagues.

**Dangers arising from diagnosis**

Any diagnostic activity is bound to bring out into the open a number of dissatisfactions among staff, eg problems may surface of which they had previously been unaware or they may be asked to consider questions which had not previously occurred to them. If formal group discussions are not held, staff are likely to discuss problems thrown up informally amongst themselves. The fact that diagnosis is taking place

will suggest to them that they can expect some remedial action. In many cases staff will be stimulated to take initiatives for change. This in itself may be no bad thing. There is a danger, however, that staff might take advantage of the new climate of change to attempt to solve apparent problems that are not accepted widely enough to warrant immediate action. Similarly they may try to initiate changes that affect other parts of the organisation and do it in a way that might make the general situation worse. Attempts should be made to guard against such premature and uncoordinated changes. The success of the assignment as a whole may be endangered by significant proportions of staff becoming either demotivated through having to backtrack on changes made or too committed to their own ideas to accept compromise.

Some practitioners try to overcome this by using as many staff as possible in the actual diagnosis. For example, groups may feel sufficiently involved if they have a representative working with the team who can keep them fully informed of what is happening. This becomes more difficult in larger organisations but an additional benefit is an increased likelihood of staff accepting the results if they feel, albeit indirectly, to some extent responsible for them.

On the other hand staff may be alarmed unnecessarily if they are told too early about controversial proposals where management themselves are not sure how to respond. How much is disclosed to staff during an assignment has to be left to the team, who will probably prefer however to disclose as much as they feel they reasonably can.

# A Trial of Stand-Alone Word Processors

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## Introduction

'The microprocessors are coming' is a cry which few people have not heard by now and greeted with either eagerness or suspicion. In the vanguard of this technological advance are word processors for which some very extravagant productivity claims have been made. In an article entitled 'A Good Housekeeping Exercise in Typing and Secretarial Services' which appeared in the November 1979 edition of *Management Services in Government,* advice was tendered on getting the civil service's typing house in order, ready to take advantage of whatever benefits word processors can offer. Do we really know with any precision what these benefits are likely to be? The answer has to be: 'Not really'. Some organisations on both sides of the Atlantic have taken the claims of manufacturers and pundits at face value and bought equipment only to find that in operation its achievements were far from those theoretically ascribed to it. Word processors are expensive and it is important before making any decision to install them to know how effective they are on what types of work and what other factors need to be taken into consideration. Unfortunately there is very little useful quantitative information on this. In consequence, being ever conscious of the need to spend its limited funds in the most effective way, the civil service has set out to evaluate word processors objectively.

## Previous evaluations

Evaluations in this area are not new to the civil service. Several years ago the Civil Service Department (CSD) carried out trials of automatic typewriters, the forerunners of word processors. The results of those trials indicated that their use was effective for certain types of work. Since then over 500 automatic typewriters have been installed throughout the civil service. More recently the Central Computer and Telecommunications Agency (CCTA)—then the Central Computer Agency—has conducted a pilot project in the typing pool of the

Department of Education and Science (DES) at Darlington using a shared logic or computerised word processing (CWP) system. (See the author's article 'A Word Processing Pilot Project', in the May 1979 issue of this journal.) The job of looking at stand-alone word processors has fallen to the Management Services (General)—now Management Development Division of CSD—who set up trials of stand-alone word processors in a number of government departments. These will end by early June 1980. Responsibility for these trials has now passed to CCTA who expect to be issuing a report later this year. The main findings are likely to be the subject of a further article in this journal. The purpose of this present article is to give an outline of the stand-alone word processor trials and to indicate those areas where it is hoped they will provide useful information.

**Previous experience**

The results of the trials of automatic typewriters conducted by CSD together with the operational experience gained from using them over the past few years has shown that their use is cost effective only when there is a high proportion of particular types of work, eg reports and standard or repetitive letters; this is borne out in respect of CWP by the results of the DES Darlington pilot project. With the recent advances in technology it has frequently been claimed that stand-alone word processors can be used with advantage on a wider range of typing work. If borne out in practice such claims would readily justify investing in significant numbers of such machines. If not, however, buying word processors could prove to be very wasteful. The exact form of the cost justification equation for WPs will vary from case to case but is largely dependent in any given situation on the type and price of equipment required. The range both of prices and machine capabilities is very wide and new equipment such as intelligent (electronic) typewriters is constantly appearing on the ever-widening scene. If staff costs continue to go up while equipment prices come down the prospect should be for word processors to become viable more and more often.

**CSD trials**

The purpose of the CSD trials is to evaluate the effect on typing productivity of the latest stand-alone word processing equipment, not only on the full range of work to be found in a typical civil service typing pool but also on a number of specific types of work, eg one-off letters from audio and from manuscript drafts, standard letters, tabulations and reports of varying lengths. Evidence of this sort is necessary to determine whether the use of word processors is cost effective for the full range of typing work or, as with automatic typewriters, only for specific types of work; the basis of comparison being between electric and automatic typewriters and the CWP equipment.

In addition, a number of other factors are being studied, such as:

—Whether particular types and sizes of display are more acceptable or effective than others

—The reaction of staff to using equipment with visual display units

—Whether there are any health considerations

—Whether from a job satisfaction point of view consideration has to be given to the mix of work given to typists using word processors

—The effectiveness of different typists on word processors

—The effect on the work of supervisors

—The best methods of training typists to use word processors

—The time it takes for a typist to learn to use the new equipment

—Any special ergonomic and environmental criteria which may be necessary

—The effect on authors and originators.

**The trial locations**

During the summer of 1978 CSD made a presentation to O&M representatives from major departments and called for volunteers to provide sites for the trials of stand-alone word processors. Eventually five sites were chosen and four machines installed at each—except for the Ministry of Defence (MOD) with seven—giving a total of 23 machines of five different types. The locations and the equipment are:

Inland Revenue: IBM system 6 442/452 (6-line display)

Office of Population Census and Surveys: Addresso-Multigraph AM text 425 (54-line display)

Ministry of Defence: 4 Rank Xerox 850 DTS (thin window) 3 Rank Xerox 850 PDS (full screen)

Welsh Office: Data Recall Diamond 4s (26-line display) (one with full page preview)

Overseas Development Administration: Data Logic VT 1202 (22-line display with full page preview).

In addition a sixth trial was set up in the Department of Trade's Companies House in Cardiff, using the existing equipment (Data Recall Diamond 3s with both printed paper and punched paper tape output), where the effects of word processing on a highly specialised systems application is being examined. However this is separate from the rest of the trials. The trials are being conducted with the co-operation of the appropriate trade union at national and local level.

**How the trials are being carried out**

Except in MOD, three work groups have been created at each location:

—a word processor group
—a control group operating standard electric typewriters (the Welsh Office also has one automatic typewriter)
—a residual group operating standard electric machines.

The first two groups deal with similar mixes of work and for each type of work the output and the proportion of the day spent by typists is recorded daily on an individual but non-attributable basis. The basis of measurement is the Treasury typing unit (TTU) which comprises on average 22 lines of type (on A4 paper). A regular flow of work is maintained in these groups and to prevent undue delays or pressure building up the residual group takes up the overflow. The typists taking part in the trials are spending about four months in each group.

The data is sent directly to CSD where the group and individual figures are being collated and analysed with, need it be said, the aid of a computer.

In MOD, such rotation was impracticable and the typists there are providing their statistics first on electric typwriters, then on thin window machines and finally on full screen machines.

**The results**

The figures of individual and group performance using word processing equipment will be compared with those resulting from the use of standard machines for each category of work. By relating output to a standard time base or possibly time to a standard output base it will be possible to determine whether word processing equipment is cost effective on particular types of work and, perhaps more important, to different mixes or baskets of work. Although the results at each location may not be directly comparable it should be possible to draw some inferences about the relative effectiveness or suitability of the different sizes and types of displays used in the trials on the various types of work.

In addition to the routine collection of the daily figures, a series of special exercises is being carried out at each site at about monthly intervals comparing the typists performance on electric typewriters and word processors. The exercises involve typing letters and reports of various lengths and then producing further versions taking in both heavy and light levels of amendment. They have been designed to see how the equipment affects the typists output on a wide range of tasks, to discover the effectiveness of different types of equipment on the more specialised typing tasks, and to provide a cross check on the conclusions drawn from analysis of the routine figures.

The methodology and the detailed individual measurement approach was agreed with the trade union.

**Other considerations**

Although it is important to discover how effective word processors are on different types of work (hence the great deal of effort being put into obtaining and analysing output figures), of no less importance in the trials is an evaluation of the response of typists to using word processors. When all is said and done, however technically advanced the equipment is, it cannot function without operators. The trials are therefore being used to gather information among other things on the attitude of staff to the equipment, the environment and ergonomic factors, the health considerations, the job satisfaction and the training needs. This side of things is in the hands of a behavioural scientist who is part of the team running the trials. The information on these human aspects is being obtained both by questionnaire and by talking with typists, superintendents and authors at the trial sites. Typists are being given a similar questionnaire at the end of their time in both the word processor and the control groups so that any changes in their attitude can be observed.

**Conclusion**

These current trials should provide a great deal of valuable information which will be necessary in determining what use the civil service should make of stand-alone word processors. The results, together with the information derived from the CWP pilot project at DES Darlington will give the Civil Service a good fund of information on stand-alone or shared logic system word processor systems. However we are conscious of the variety of technological developments in this field and the probable need for further trials work.

# The Principal Directorate of Technical Costs, Ministry of Defence

R G MASTERS

Mr Masters was, from 1 October 1973 until his retirement on 11 January 1980, Principal Director of Technical Costs, Procurement Executive, Ministry of Defence—*Editor*.

**The purpose**

In this article I aim to inform colleagues in other parts of the Government service about the work of the Principal Directorate of Technical Costs, generally referred to as PDTC.

PDTC is a specialist branch, and has continuously served a succession of British Governments since its inception in 1915. It started as the Technical Costings Section of the Ministry of Munitions, providing what was recognised by the then Select Committee on National Expenditure as invaluable advice for the pricing of shells, fuses and other armanents stores manufactured during the First World War.

From these relatively modest beginnings the branch has grown in size and stature and now PDTC, as it was renamed in 1972, provides advice on costs not only to contract and project branches in its parent department (Ministry of Defence), but also to a number of other British Government departments as well as overseas governments and international organisations.

PDTC is concerned with many engineering industries—aeronautical, mechanical, electrical, electronics, armament, vehicle, etc.—and its interests range from initial costs through design, development and production phases to the costs of in-service modifications, repair and reconditioning of equipment and the supply of spares. It seeks to safeguard public funds, to which we all contribute, and at the same time to try to ensure that fair and reasonable prices are paid for goods and service bought with them. Successive governments have stressed the importance they continue to attach to the need for the branch to be efficient in fulfilling its various functions.

**The organisation**

PDTC is part of the Directorate-General of Defence Contracts (DGDC) which, in turn, is part of the organisation responsible to the

Chief of Defence Procurement. The DGDC function is, among other things, to provide advice on all aspects of contracts policy and practice. The organization is necessarily complex in order to provide for close co-operation between the various branches in the Weapons Systems Controllerates of the Procurement Executive who are concerned with the technical and financial arrangements for projects. Notwithstanding this complexity, strong links exist between the many units involved in the whole procurement function. Within the Weapons Systems Controllerates there are other, smaller, advisory groups also concerned with cost estimating, but mainly on aspects of the discipline with which PDTC is not primarily concerned, eg for budgetary purposes and to facilitate project selection.

The head of PDTC is a Principal Director (Engineer) whose senior close aides are two Directors (Engineer), five Assistant Directors (Engineer) and a Chief Administrative Officer. Each of the Assistant Directors has a supporting staff of professional engineers, technician engineers and non-technical grades. The Chief Administrative Officer heads a staff responsible for the non-technical aspects of the work of the branch. The staff complement is at present nearly 500, of whom nearly 400 are Professional and Technology Officers embracing a wide range of engineering disciplines.

Each Director (Engineer) heads two Assistant Directorates that deal with estimates of prime costs, cost management investigations, the engineering and technical aspects of overheads, and assessments of the efficiency with which companies under investigation use their plant, equipment, materials and personnel. The fifth Assistant Director has responsibility for policy and training, both aimed at the economy of operations and effectiveness of the branch's wide-ranging activities. All of the tasks are explained in some detail later in this article.

PDTC is a country-wide organisation. Its headquarters is in central London but, because its work is very largely carried out on contractors' premises, a considerable amount of travelling is required of most of its staff. At several major contractors' works PDTC has resident units, but the majority of its staff are based on offices conveniently located in various parts of the country in order to minimise the time spent in travelling to work on the hundreds of tasks on which the branch has undertaken to give advice.

**The service**

The Procurement Executive spends about £2,700 million each year on the diverse equipment and services required for defence, and other projects supported by government funding. Work worth more than half of this sum is placed with the engineering industries on a single tender basis and is the subject of different forms of cost investigation by PDTC staff.

PDTC provides a service covering a wide-ranging expertise. There are obvious constraints on the universal availability of such a service,

eg limited staff resources, customer time-scales linked to complexity of stores, etc. Nevertheless PDTC aims to admit to its programmes of work most of the requests sent to it by the various purchasing agencies, project branches and other arms of government service whose decision making depends on the timely receipt of reliable costing advice. These forward work programmes are planned in six-monthly periods; they are based on a carefully allocated system of priorities, but in their management there is sufficient flexibility to adjust for slippages, or new tasks supplanting those of less priority. In applying this priority system PDTC is bound to take account of the views and wishes, eg timing, type of estimating, etc, of all those sources that have requested their services. However, the work programmes and their management are essentially a PDTC responsibility.

**The contractual background**

By far the largest proportion of government spending in the defence field, and in other fields of expenditure in which PDTC becomes involved, is devoted to non-competitive risk contracts for which it is desirable to have fixed prices. This is invariably because of the particular engineering techniques or processes specialised in by the chosen contractors. The bulk of the remaining expenditure in these fields goes on contracts priced mainly by reference to recorded costs, leaving only a small proportion of the total spend that is appropriate to competitive tendering. Government policy requires that prices negotiated for non-competitive contracts and cost-based contracts should be fair and reasonable, ie that given reasonable efficiency in the performance of the work the prices should give contractors a return on their capital employed in line with the overall return achieved by manufacturing industry. PDTC's independent costing advice is based on this 'fair and reasonable' principle.

The definition of procurement has been accepted as 'all action necessary to fulfil an agreed requirement, including as appropriate research and development, production and purchasing'. Planning for procurement has perforce to be based upon the short- and long-term forecasts of what the services will need, at the same time never forgetting that, as public funds are being used, the best value possible should be obtained from that usage. Procedures for the control and monitoring of expenditure have been introduced, but a typical time cycle for the design, development, production and delivery to the services of a major new item of equipment can take up to 10 years, and this emphasizes the problems inherent in deciding how much such a project should cost and then trying to ensure that value for the money is obtained. At all stages during this time cycle PDTC staff contribute a service aimed at making sure that only fair and reasonable prices are paid for the equipment and other services being purchased.

The contractual authority for the largest part of PDTC's work is contained in two 'Standard Conditions of Government Contracts for

Stores Purchases'; these are known as SC43 and SC48 and the present versions were the subject of a 1968 Government/industry agreement following recommendations by two Government-appointed committees which were set up to consider the lessons revealed by the Ferranti and Bristol Siddeley Engines enquiries of the early 1960s.

SC43 is known as the 'Equality of Information' condition and requires, among other things, the Ministry and the contractor to have access to the same amount of information at the time the contract price is fixed. As the essential engineering and other details should always emanate from the contractor, whose costing system is invariably highly complex, PDTC staff have a particularly onerous task when attempting to implement this contract condition.

SC48 provides the Ministry with what are called post-costing rights. This requires a contractor to maintain a record of such cost data as may be available from his normal accounting procedures, together with any supplementary information which the Ministry might reasonably require and about which it has given prior notice to the contractor. PDTC uses SC48 for two purposes: to obtain time, cost, performance, etc, data for the purpose of checking and improving estimating techniques; and to assist in pricing follow-on contracts.

It is fair to say that different interpretations of these contract conditions by different contractors can lead to difficulties for PDTC staff, so that the establishment of confidence on both sides and good business relations are a prime objective for PDTC management.

**The tasks**

A brief reference has already been made to the main functions carried out by the four Assistant Directorates that report to the two Directors (Engineer); these functions are described more fully in the following paragraphs. Each Assistant Director has responsibility for main ranges of equipment which can be broadly categorised as: fixed-wing military aircraft; rotary wing aircraft, tracked and wheeled vehicles, airborne radar, ships' weapon launchers; aero-engines; guided weapons and associated equipment. However, the Assistant Directors also provide advice on a wide range of other defence items, and this activity absorbs a sizeable proportion of the available staff resources.

**Prime cost investigations**

Prime cost investigations are an important part of the PDTC workload and invariably represent over 50 per cent of the total costs investigated. Resulting from the Government's contractual relationship with industry, PDTC staff rely as far as possible on information used by the contractor when preparing his quotation. This may be supplemented by the use of post-costing information from previous contracts together with other historical data.

When necessary PDTC staff also produce their own independent detailed estimates. However, the amount of such detailed estimating

depends on an assessment of the level of confidence in the contractor's cost management systems together with the applicability of scientifically-based sampling techniques. This level of confidence is assessed by means of a complete appraisal of the contractor's estimating, cost recording and management systems, and demands a high degree of professional knowledge, skill and judgement.

Whether the Directorate staff assess a contractor's estimate or produce their own it is necessary to take account of the numerous factors which influence the direct costs of an equipment. These include:

design standard and build specification
test specifications
quality plan
contractor's manufacturing facilities
labour skills availability and utilisation
production plan and programme
the effect of scale and scope of tooling
batch sizes
estimating allowances and contingencies.

When PDTC and a contractor's staff have completed their estimating activities, the results are compared and discussed; wide differences can then be identified and sometimes reduced. Subsequently, PDTC staff produce comprehensive reports which are submitted to the Directors of Contracts who had sought PDTC advice to assist them in their price negotiations. PDTC staff frequently participate in these pricing meetings.

Many of the major projects with which the branch is concerned are international collaborative ventures, and involve relations with overseas governments' representatives. This has resulted in a greater awareness and an increasing appreciation, both at home and overseas, of the standards and investigation techniques used by PDTC staff in project cost control. Members of the branch are usually appointed to international technical cost control committees and are thereby able to study the methods and procedures employed in partner countries.

**Cost management investigations**

Some technical development and production involve very considerable risks to both the Government and the contractor, obvious examples being the development of new weapon systems or novel production methods. In these cases it is usual for the Government to place contracts 'on cost', perhaps subject to various constraints such as maximum price or maximum profit. Approximately 35 per cent of the defence budget is spent on contracts of this type. PDTC's role with such contracts is to assist other technical branches and project authorities in their estimates of costs and timescales for project assessment and control purposes. Access to contractor personnel is

usually at Project Manager or Director level in both the technical and commercial areas, and within the MOD probably direct to the Project Director.

By their nature these cost management investigations are very complex and involve detailed knowledge of both the technology and function of the equipment involved. The PDTC involvement covers three main areas:

*(a)* critical examination of development and production cost plans, with regard to estimates of costs, timescales and resource availability and utilisation;
*(b)* evaluation of the effects of deletions or, more usually, additions to the programmes and the associated demands on resources, timescales, etc;
*(c)* continuous or periodic assessments of technical achievement, spend and resource management, and their likely effect on final timescales and costs.

**Overhead and resource utilisation investigations**

Overhead costs, ie the aggregate of indirect materials, indirect wages and indirect expenses, form a very large part of total production costs, particularly in the high technology areas of industry. It is difficult to generalise about the size of overheads for defence equipment; the average is probably about 50 per cent of production costs but some could be considerably higher.

PDTC investigations on behalf of Accountancy Services (Procurement Executive) involve liaison with company personnel of executive director status and cover:

*(a)* agreement on how the contractor allocates costs for the purpose of pricing Government contracts;
*(b)* the examination of contractors' estimates, recorded costs and trends of overhead expenditure;
*(c)* the evaluation of contractors' work programmes, estimating the total direct labour to provide a base for calculated overhead rates;
*(d)* the assessment of utilisation of labour, spares, plant, etc;
*(e)* a technical appraisal of contractors' organisation and control of resources;
*(f)* a functional analysis of personnel;
*(g)* special investigations for specific expenses or contracts, eg claims for compensation due to Ministry delays or part cancellation of projects, etc.

Many contractors welcome an opportunity to offer their organisational structure and management control system for independent, critical examination, the investigations carried out by PDTC staff being very similar to those frequently employed by teams of management consultants.

**Policy, data analysis and training**

The fifth Assistant Director is AD/TC (Policy) who reports direct to the Principal Director. His responsibilities include management policy on prime costs and overheads, data analysis and statistical advice, and the specialist PDTC training programme. The work of the data analysis team concerns analyses of past contracts, work packages and projects, thus assisting the Directorates in checking the validity of technical judgements already made and to establish the validity of the initial estimates. In addition, much of the advanced statistical and numerical analysis of recent work increases the branch's awareness of the many factors that influence both initial estimates and final out-turn costs.

**Training**

The PDTC training programme not only provides courses for the development of existing staff but also an intensive 12 months' course for newcomers to the specialism of cost estimating whose technical experience and qualifications are considered a sound basis for eventual employment in the estimating field. This recruitment course is a prelude to appointment to the branch's basic grade, PTO III, and was launched several years ago because of the acute national shortage of competent and experienced estimators; this shortage is still with us and is expected to continue indefinitely. In addition to its own training resources PDTC uses those of industry, technical colleges and universities. These training facilities are available to staff outside PDTC who have an estimating role; co-ordination is obtained through a Training Advisory Panel, and by collaboration with the Ministry's central training organisation, vocational training establishments and professional institutions.

**Conclusion**

These brief explanations of PDTC activities and of the equipments they embrace will, it is hoped, have given some idea of the breadth and depth of the engineering cost estimating work it undertakes. Whenever large sums of public money are likely to be spent on defence procurement through the engineering industries, it is evident that PDTC has a very significant contribution to make at all stages in the management of projects, large, medium and small. The arrangements for controlling and monitoring the use of public funds for defence procurement must be seen to be as efficient as possible in prevailing circumstances, and the investigations and assessments made by the branch can and do play a vital part towards achieving that difficult objective.

# Energy Demand Projections

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## Introduction

For most of the 70s energy topics have never been far from the headlines. Since the vulnerability of the West to any interruption of Middle Eastern oil supplies was realised in 1973, the spotlight has stayed on fuel prices, energy planning and conservation measures. Although the UK has more fossil fuel resources than most European countries, appraisals here are no less agonising than for our continental friends. Windscale, Belvoir and possibly CDFR (Commercial Demonstration Fast Reactor) bear witness to our concern about the nature of energy plans in preparation. Much effort goes into the study of supply: the size of reserves, the phasing of fuel components—all the detailed logistics. Far less attention has been given to demand and the tendency has been to assume that demand will go on rising much as it has in the past. The problem has been seen as one of forecasting in which supply planning is done to meet a set of prepared forecasts. If indeed the situation parallelled that of planning against a natural threat like earthquake, flood or drought then preparing best forecasts with best uncertainty margins would be clearly appropriate. However, the demand for energy is influenced strongly by some factors that can be controlled, in the same sort of way as supply is controlled, and thus a requirement in formulating energy policy is to consider the interaction between supply and demand. Instead of a single energy 'future' it is necessary to contemplate a range of projections deriving from choices among the values for key variables. The limitations of simple calculations based on extrapolation technique soon become apparent because of the 'feedback' effects which arise in systems subject to interactions. For this reason, a model of the system is needed in which the various interactions can unfold and their ultimate outcomes be clearly discerned.

As an illustration of the way in which simple calculations can be misleading, we may consider the deduction of the quantity of primary energy which will be saved if householders invest in loft insulation. Observation shows that a part of the savings will be taken as increased

comfort and the rest as a fuel (and money) saving. To declare the fuel saving as a reduction of energy use is incorrect, because the money saving of householders is still to be spent. All spending is associated with the consumption of energy, whether to provide raw materials, for manufacture, transport or retailing. A particularly obvious example of alternative spending leading to similar net energy use occurs when a householder buys petrol for his car with the savings from his house insulation. This illustration is not intended to suggest that conservation is ineffective but only that too simple an approach to evaluating it could be misguided.

**The SARU model**

For more than two years a team within the Systems Analysis Research Unit (SARU) under a co-ordination group from the Departments of Energy, Transport, and the Environment has been constructing a model of energy demand in the United Kingdom. The rationale behind this model is to relate energy demand to the external factors which give rise to it. Its aim is to show fuel usage in some detail and to simulate a range of potential futures, depending on the choices made of the external variables which governs demand.

The model is based on a matrix of 24 commodity sectors. These are listed in table 1. Four of them are fuels, one is government expenditure and the remaining nineteen are split between final demand and intermediate commodities such as chemicals and construction materials.

The model can show, for example, how change in demand for motor vehicles necessitates change in demand for steel which in turn alters the requirement for energy in the iron and steel sector. Similarly, a change in fuel price is reflected in changes in the price of each individual commodity which in turn affect those of products.

**Table 1. The 24 Commodity Sectors**

| | |
|---|---|
| Coal | Clothing |
| Oil | Durables |
| Gas | Electrical appliances |
| Electricity | Paper and non-durables |
| Iron and Steel | Motor vehicles |
| Other metals | Road haulage |
| Chemicals | Buses and taxis |
| Construction Materials | Railways |
| Contruction | Air and sea transport |
| Capital goods | Services |
| Food | Car use |
| Drink and tobacco | Government |

The most important external variable is the Gross Domestic Product (GDP), which is unsurprising when one reflects that rich

countries use much energy per capita and poor countries very little. There are three factors influencing the relationship between GDP and energy use:

the fuel mix (proportions of coal, oil, gas and electricity used)
the basket of goods and services
the efficiency of energy use.

If each of these three factors remained constant then energy use would relate directly to GDP and every extra £ spent would result in the same additional energy consumption. In practice, the fuel mix has moved towards electricity and gas, but away from solid fuel. For heating, the trend towards electricity calls for more prime energy because electricity generating plant is not very efficient. Secondly, the basket of goods and services is important because the total prime energy input per £ of output of the goods and services contained in it varies over a wide range and the basket changes as national income changes. Although services, with low energy intensity, have taken a higher share in recent years, travel of all kinds, with high energy intensity has also increased. Finally, efficiency of energy use clearly affects the relationship between energy consumption and GDP. Virtually all sectors have improved in energy efficiency over the past two or three decades.

Each of these factors plays its part in the model. Fuel mix is determined through a set of price and income elasticities, modified by constants reflecting the time it takes to change to an alternative fuel. Similarly, the basket of goods purchased is calculated using a set of price and income elasticities. Efficiency changes are more complex because two distinct processes operate. There is the constant steady improvement that appears not to need any price stimulus for its manifestation, and there is the deliberate substitution of capital for energy stimulated by fuel price increases. Detailed study of energy use in each sector indicates that the steady improvement can be well modelled through a learning function based on cumulative production. Capital/energy substitutions by householders appear to be governed consistently by just three variables: the savings offered by the measure, the capital cost and the income of the householder. A relationship specifying the rates of implementation for different measures can be shown to be applicable over wide ranges—and this is important because conservation can be expected in future to embrace novel measures like heat pumps. The actual rates of implementation by householders are quite low if the returns on outlay for the measure are considered. In industry, practice is nearer to the economic optimum and industrial capital/energy substitutions are made to operate throughout the model in response to fuel price rises.

Separate sub-models are operated for car purchase and use and for domestic space heating, because here energy consumption is more complex. Detailed analysis suggests that increases in the price of petrol affects car purchases more strongly than petrol consumption itself,

though ultimately this too is affected. Although there is a strong association between car ownership and income, good evidence exists for saturation levels both in ownership and use of cars. The space heating sub model takes account of the variable proportion of savings taken as comfort by householders; the proportion declines to zero as house temperature rises. Surprisingly, there is no hard evidence of a saturation level for space heating but sub models with and without an imposed saturation level yield quite small differences over the next few decades so the issue is not of importance.

**Calibration and uncertainty**

Data from 1958 to 1975 was used to calibrate the model so that uncertainties could be measured. Three sources of uncertainty occur:

parameter uncertainty, eg where elasticities occupy bands instead of being point values

stochastic uncertainty, ie that arising from the general background random variation; and

structural uncertainty which is present because the model structure may not correspond to the structure of the real world.

The first two types can be assessed from the quality of fit obtained in the calibration process. The third type can only be investigated by trying alternative structures. For example, the domestic space heating demand can be modelled with and without a saturation level. The effects of parametric and stochastic uncertainty on the output projections can be found by performing repeated runs of the model, using randomly sampled values from distributions applying to each of the parameters (the so-called Monte Carlo method). From this technique the confidence limits associated with any particular projection can be deduced. For example, the confidence limits for 2005 applying to the base run A of Figure 1 are ± 2EJ with 90% confidence. This means that there is a probability of 0.9 that the real value will lie between 10.6 and 14.6 exo-joules (EJ), under the assumptions of the base run. (1EJ = $10^{18}$ joules).

**The projections**

A great variety of projections is possible through choice of values for the controlling variables. However, the interest deriving from the model is the display of connection between input changes and the corresponding output variation which results. Four separate projections over 30 years are shown in figure 1. These explore the effects of the two most important external variables—GDP and fuel prices. The specifications are:

A GDP × 2 Fuel prices × 2
B GDP × 1.5 Fuel prices × 2
C GDP × 1.5 Fuel prices constant
D GDP × 2 Fuel prices constant

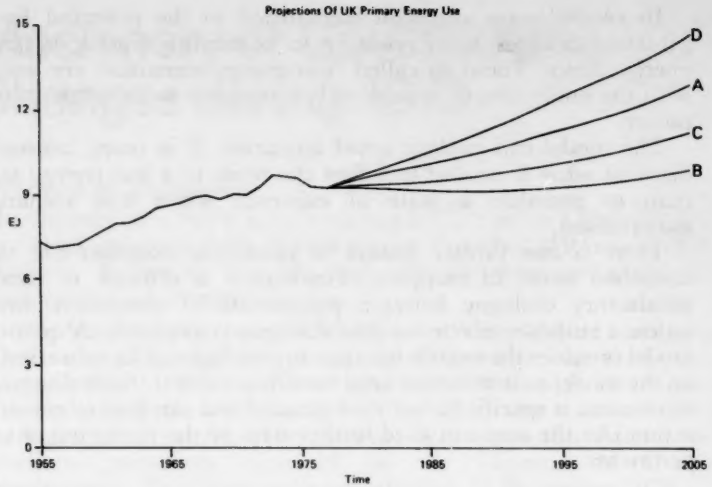


Figure 1

The left hand part of the figure shows primary energy usage in the past, and the lowest of the projections is seen to reach a consumption rate in 2005 actually less than the maximum rate which has occurred in the past (though it must be said that economic growth rate for B and C is only a little over 1 per cent).

Fuel price increases have a strong effect because several influences are at work. If fuel prices are high there is less to spend on other goods and this depresses inputs (including energy) to the sectors producing those goods. Secondly if fuel prices rise then there is a tendency to veer away from high energy intensity goods and towards those of low intensity. Thirdly there is the stimulus offered to all sorts of capital/energy substitutions resulting in more efficient energy use and therefore lower requirement. The overall effect of these influences operating differently in the different sectors and changing over time as income rises and technical progress occurs is impossible to assess with any confidence unless a comprehensive structure, such as the Energy Demand Projection model, is used to take account of the interactions.

**Use of the model**

Planning supplies of fuel is an operation with quite tight constraints, even over a period of a decade. Opening a new coal mine is a major undertaking, commissioning new power stations is a lengthy process and orchestrating the change from North Sea gas to synthetic natural gas, as the reserves are depleted, is a massive task. Clearly, the fuel price profile which will result in a close match between planned output and the quantities demanded is desirable information.

In recent years attention has turned to the potential for more profound changes in the economy to enable functioning on quite low energy flows. These so called 'low-energy-scenarios' are associated with the environment groups—often opposed in principle to nuclear power.

The model can explore novel scenarios. It is more interesting to discover what is needed to follow the route to a low energy scenario than to postulate a state of existence when that scenario has materialised.

There is one further feature of modelling exercises like the one described here. In complex situations it is difficult to conduct a satisfactory dialogue between proponents of alternative strategies unless a suitable vehicle for that dialogue is available. A quantitative model provides the vehicle because any variant can be rehearsed either on the model as it stands or on a modification of it. Such disagreement as remains is specific rather than general and can lead to constructive action like the acquisition of further data or the mounting of test experiments.

# Machinery of Government Changes during 1979

**Structure of Government**

The Conservative Party won the General Election on 3 May 1979 with an overall majority of 43. Mrs Margaret Thatcher MP became Prime Minister. Following the Election, the Government made three machinery of government changes:

(a) The Ministry of Overseas Development was dissolved and became the Overseas Development Administration within the Foreign and Commonwealth Office, by the Ministry of Overseas Development (Dissolution) Order 1979 (SI 1979/1451), which also transferred to the Secretary of State for Foreign and Commonwealth Affairs those functions previously exercised by the Minister of Overseas Development. The Order came into effect on 21 November 1979.

(b) The Department of Prices and Consumer Protection was merged with the Department of Trade. Most of its functions were transferred administratively to the Secretary of State for Trade through redistribution within the office of Secretary of State. A Transfer of Functions Order was, however, required to transfer to the Secretary of State for Trade certain functions in relation to the Agriculture Act 1967. This order (the Secretary of State for Trade Order 1979 (SI 1979/578)) came into effect on 1 June 1979.

(c) Responsibility for the Arts and for libraries was transferred from the Secretary of State for Education and Science to the Chancellor of the Duchy of Lancaster. In discharging these functions, the Chancellor is supported by the newly-created Office of Arts and Libraries. The transfer was effected by the Transfer of Functions (Arts and Libraries) Order 1979 (SI 1979/907) which took effect on 1 September 1979.

There was one further transfer under the Ministers of the Crown Act 1975: functions previously exercised by the Secretary of State for Transport were transferred to the Minister of Transport. The transfer was effected by the Minister of Transport Order 1979 (SI 1979/571) which came into operation on 24 May 1979. There were three other transfers of Ministerial responsibility during 1979:

(a) Ministerial responsibility for the Microbiological Research Establishment at Porton Down was transferred from the Secretary of State for Defence to the Secretary of State for Social Services with effect from 1 April 1979. On this date, the Public Health Laboratory Service Board assumed management responsibility for the establishment. The transfer was effected administratively following the enactment of the Public Health Laboratory Service Act 1979 which amended certain provisions of the National Health Service Act 1977 so

as to enable the Public Health Laboratory Service Board to undertake the necessary range of work.
(b) Ministerial responsibility for three non-departmental public bodies concerned with the Arts—the Advisory Committee on the Purchase of Works of Art which advises the Government on acquisitions for the Government Picture Collection; the Advisory Committee on Works of Art in the House of Commons; and the Advisory Committee on Sculpture in Royal Parks—was transferred from the Secretary of State for the Environment to the Chancellor of the Duchy of Lancaster as the Minister responsible for the Arts. The transfer was announced by the Secretary of State on 17 September and was effected administratively on 1 November. One of these bodies, the Advisory Committee on Sculpture in Royal Parks, has since been abolished.
(c) Ministerial responsibility for zoos, including safari parks, and for dangerous wild animals kept in private ownership, was transferred from the Home Secretary to the Secretary of State for Environment. No statutory functions were involved and the transfer was effected administratively: it was announced by the Secretary of State for the Environment on 20 October.

**The size of the Government**

At the beginning of 1979, the total number of Ministers in the Government was 107 of whom 24 were in the Cabinet (2 of these appointments were unpaid; the statutory limit on the number of paid Cabinet appointments is 22). When Parliament was dissolved on 4 April, the total number of Ministers in the Government had increased to 108; the number of Ministers in the Cabinet remained at 24. After the General Election, the total number of Ministers was 106 and the number of Ministers in the Cabinet was 22. In addition, the Minister of Transport attends all Cabinet meetings. The position was unchanged at the end of the year.

**Ministerial changes between 1 January 1979 and the Election**

Lord Boston of Faversham was appointed Minister of State at the Home Office on 4 January 1979 on the resignation of Lord Harris of Greenwich.

On 4 January 1979, Baroness Birk was appointed Minister of State at the Privy Council Office and took on the responsibility of Government spokesman in the House of Lords on economic matters.

On 4 January 1979, Baroness Stedman was appointed Parliamentary Secretary at the Department of the Environment (the post previously held by Baroness Birk), and Lord Wells-Pestell was appointed as an additional Parliamentary Under Secretary at the Department of Health and Social Security.

On 15 January 1979, Lord Jacques was appointed Lord-in-Waiting.

On 17 January 1979, Mr Alfred Bates MP was appointed Lord Commissioner, HM Treasury, on the resignation of Mr Albert

Stallard MP. Mr Bates had previously held the post of Assistant Whip and was succeeded in this post by Mr Bryan Davies MP.

On 10 April 1979, the Right Honourable Ronald King Murray resigned as Lord Advocate.

**Ministerial appointments following the General Election**

Following the General Election on 3 May, the new Conservative Administration took office and the Cabinet appointments which followed the change of Government are listed at Annex A.

There were no Ministerial changes up to the end of the year following the General Election, although on 7 December, following the Lancaster House Conference on the future of Zimbabwe Rhodesia, Lord Soames was appointed Governor of Rhodesia, a post held concurrently with those of Lord President and Leader of the House of Lords. Earl Ferrers was nominated Deputy Leader of the House of Lords to take over Lord Soames' responsibilities as Leader during his absence. Mr Paul Channon MP, Minister of State, Civil Service Department, took over day-to-day charge of that Department while Lord Soames was in Rhodesia.

**European Parliament**

Voting in the direct elections to the European Parliament took place on 7 June 1979. This was the first time that UK electors had had the opportunity to vote for representatives to the European Parliament. Of the 81 UK seats, 60 were won by the Conservatives, Labour took 17 seats, and the remaining 4 seats were shared among the smaller parties.

**Devolution**

The Scotland Act 1978 and the Wales Act 1978 made provision for the devolution of a wide range of powers to Scottish and Welsh Assemblies and also provided that the Commencement Orders putting these powers into effect should not be made until a referendum had been held in each country. If the referendum did not result in at least 40% of those entitled to vote in Scotland and Wales voting in favour of the proposals, Orders for repeal of the Acts had to be laid before Parliament. The referenda took place on 1 March 1979: the electors were asked 'Do you want the provisions of the Scotland [or Wales] Act 1978 to be put into effect?' In neither country was the 40% level achieved (in Scotland 33% voted for the proposals and in Wales 12%), and the Acts were repealed by order on 26 July 1979 (SI 1979/928 and SI 1979/933).

**Report on non-departmental public bodies**

After the General Election, the Prime Minister initiated a review of non-Departmental public bodies with a view to eliminating those which had outlived their usefulness or whose continued existence could not be justified. At the end of August, Sir Leo Pliatzky was retained in

public service to assist the Prime Minister in carrying the review forward: he presented his report to the Prime Minister in December and it was published as a Government White Paper on 16 January 1980 (Cmnd 7797). In addition to a factual account of these bodies, the report brought together Ministerial decisions on the future of particular bodies. These decisions will reduce the number of executive bodies by 30 (listed in Annex B) and the number of advisory bodies by 211.

The report also suggested some lessons for the future. In answer to a Parliamentary question on 16 January 1980 when the report was published, the Prime Minister, in endorsing Sir Leo Pliatzky's general conclusions, told Parliament that the Government would look critically at all fresh proposals for new bodies and would be opposed to a policy of further hiving-off of functions to non-Departmental public bodies. The Government also endorsed the report's suggestions on control and accountability as regards new and existing non-Departmental bodies including the suggestion for reviewing existing bodies from time to time in the future. The Prime Minister announced that a stocktaking would be carried out later in 1980 of a number of cases where decisions about individual bodies had still to be taken and there would be further reviews from time to time in later years.

**Organisations which were established or for which provision was made during 1979**

The Crown Agents Act 1979 made provision for the establishment in place of the unincorporated Crown Agents of a statutory body corporate called the Crown Agents for Overseas Governments and Administrations, and a further body corporate to be called the Crown Agents Holding and Realisation Board. The function of the Crown Agents is to carry out authorised commercial activities on behalf of Governments and public sector bodies in the UK and overseas; the duty of the Board is to hold and realise the assets in property and secondary banking acquired by the unincorporated Agents on their own account; and to discharge its liabilities. The two new statutory bodies came into being on 1 January 1980. A further change concerning the Crown Agents was that in January 1979, the Secretary of State for Defence assumed ownership of International Military Services Ltd, formerly a wholly-owned subsidiary of the Crown Agents.

Provision for the Deposit Protection Board was made under the Banking Act 1979. The Board (which will be established by order) will have three ex-officio members, namely the Governor of the Bank of England, the Deputy Governor and the Chief Cashier of the Bank; in addition, the Governor of the Bank of England will appoint as ordinary members three persons who are directors, controllers or managers of contributory institutions and other persons who are officers or employees of the Bank. The main function of the Board will be to manage the Deposit Protection Fund which will be made up of

contributions from recognised banks and licensed institutions for the purpose of protecting depositors in those organisations. At the end of the year the Board had not been set up.

The Weights and Measures Act 1979 provided for the establishment by order of the National Metrological Co-ordinating Unit which will be empowered to check to ensure that packages contain the correct weight as indicated on the package. As at December 1979, the Unit was not fully operational although appointments to it had been made.

The Nurses, Midwives and Health Visitors Act 1979 provided for the establishment by order of a Central Council for Nursing, Midwifery and Health Visiting, and a National Board to be set up for each country in the UK. At the end of the year the Councils and Boards had not been established.

The Merchant Shipping Act 1979 made provision for the establishment by order of the Pilotage Commission. The purpose of the Commission is to advise the Secretary of State for Trade and others on the safety of navigation in UK coastal waters and to ensure that the pilotage services are efficient and suitable equipment is provided in ports. It will also seek to ensure that the terms and conditions of pilots are fair and that the qualifications of pilots are up to standard. The body was set up in November 1979.

The Police Negotiating Board was set up administratively in July and replaces the Police Council. The composition of the new Board differs from the Police Council principally in having an independent Chairman and Secretariat. The functions of the Board will be essentially the same as those of the Council and will cover all negotiable matters affecting the police service. A Bill published in December 1979 (the Police Negotiating Board Bill) will, if subsequently enacted, provide a statutory basis for the Board.

The Public Lending Right Act 1979 made provision for the introduction by subsequent order of a scheme to pay out money to authors whose books are borrowed from public libraries. The Act also provides for the Chancellor of the Duchy of Lancaster to appoint a Registrar of Public Lending Right to administer the scheme. On 17 December 1979, the Chancellor of the Duchy of Lancaster announced the publication of a consultative document, which set out the Government's proposals for the scheme and invited comments from authors, libraries and other interested bodies.

The Standing Commission on Pay Comparability, chaired by Professor Hugh Clegg, was set up on 7 March 1979 by the then Prime Minister. The Commission was set up (i) to examine the terms and conditions of employment of particular groups of public sector employees referred to it by the Government in agreement with the employers and unions concerned, and (ii) to report in each case on the possibility of establishing acceptable bases of comparison with the terms and conditions of other comparable work and of maintaining appropriate internal relativities.

ANNEX A

**Cabinet appointments following the 1979 General Election**

| | |
|---|---|
| Prime Minister | Rt Hon Mrs Margaret Thatcher MP |
| Home Secretary | Rt Hon William Whitelaw CH, MC, MP |
| Lord Chancellor | Rt Hon The Lord Hailsham of St Marylebone C |
| *Foreign Secretary and Minister of Overseas Development | Rt Hon The Lord Carrington KCMG, MC |
| Chancellor of the Exchequer | Rt Hon Sir Geoffrey Howe QC, MP |
| Secretary of State for Industry | Rt Hon Sir Keith Joseph Bt., MP |
| Secretary of State for Defence | Rt Hon Francis Pym MC, MP |
| Lord President of the Council | Rt Hon The Lord Soames GCMG, GCVO, CB |
| Secretary of State for Employment | Rt Hon James Prior MP |
| Lord Privy Seal | Rt Hon Sir Ian Gilmour Bt., MP |
| Minister of Agriculture, Fisheries and Food | Rt Hon Peter Walker MBE, MP |
| Secretary of State for the Environment | Rt Hon Michael Heseltine MP |
| Secretary of State for Scotland | Rt Hon George Younger MP |
| Secretary of State for Wales | Rt Hon Nicholas Edwards MP |
| Secretary of State for Northern Ireland | Rt Hon Humphrey Atkins MP |
| Secretary of State for Social Services | Rt Hon Patrick Jenkin MP |
| Chancellor of the Duchy of Lancaster | Rt Hon Norman St John Stevas MP |
| Secretary of State for Trade | Rt Hon John Nott MP |
| Secretary of State for Energy | Rt Hon David Howell MP |
| Secretary of State for Education and Science | Rt Hon Mark Carlisle QC, MP |
| Chief Secretary to the Treasury | Rt Hon John Biffen MP |
| Paymaster General | Rt Hon Angus Maude MP |

The Minister of Transport, Rt Hon Norman Fowler MP, attends all Cabinet meetings.

* Following the Ministry of Overseas Development (Dissolution) Order 1979, the title of Minister of Overseas Development has lapsed.

ANNEX B

**Executive bodies involved in winding up, rationalisation or withdrawal of support**

White Fish Authority and Herring Industry Board to be merged
Centre for Information and Advice on Educational Disadvantage
Wages Councils for the following trades have been amalgamated to form the Retail Food and Allied Trades Wages Council (Great Britain):
- Retail Bread and Flour Confectionery Trade (England and Wales)
- Retail Bread and Flour Confectionery Trade (Scotland)
- Retail Food Trades (England and Wales)
- Retail Food Trades (Scotland)
- Retail Newsagency, Tobacco and Confectionery Trades (England and Wales)
- Retail Newsagency, Tobacco and Confectionery Trades (Scotland)

Wages Councils for the following trades have been amalgamated to form the Retail Trades (Non-Food) Wages Council (Great Britain):
- Retail Bookselling and Stationery Trades
- Retail Drapery, Outfitting and Footwear Trades
- Retail Furnishing and Allied Trades

Centre for Environmental Studies
Inland Waterways Amenity Advisory Council
Location of Offices Bureau
Institute of Development Studies*
Toplis and Harding (Middle East) Limited
Technical Education and Training Organisation for Overseas Countries
Good Neighbour Campaign Group
Personal Social Services Council
Health Services Board
Supplementary Benefits Commission
Training Council for Orthotists
Furniture Development Council**
Supplementary Benefits Commission for Northern Ireland
Community Worker Research Project
Peterhead Bay (Management) Company
St. Vincent Drilling Company Limited
Metrication Board
National Film Development Fund
Price Commission
National Ports Council
Road Safety Education Development Unit

* The Institute has been given an opportunity to put forward alternative proposals for a substantial reduction in financial support before this decision is confirmed.
** The timing of the closure of the Council depends upon the outcome of a review of the compulsory research and development levy on the industry.

The following CSD Management Services Handbooks are available from the sources shown:

a from HMSO (including any government bookshop);
*Typing Services* (44pp; £1·75; ISBN 0 11 630349 2)

b from the Central Management Library (CML), CSD, Room 1/1, Old Admiralty Building, Whitehall, London SW1A 2AZ;
*Forms Control* (38pp; £0·65)
*Storekeeping and Storehouse Management* (62pp; £1·15)
*Transport Management* (32pp; £0·68)

c by departments, from HMSO Supplies 1 Division, Ashton Vale Road, Ashton, Bristol BS3 2HN, using demand form SC101, quoting the form (28-) number; or by others from CML;
*Centralised Dictation Systems* (25pp; £1·15; 28-2181)
*Glossary of Accounting Terms* (28pp; £0·75; 28-2185)
*Management Accounting in the Civil Service* (76pp; £1·15; 28-2184)
*Microcopying Systems* (55pp; £1·35; 28-2183)

All prices include postage for a single copy within the UK.

# Management Consultants in Government

We have from time to time published lists of management consultancy assignments commissioned by government departments. The last such list, covering the calendar year 1978, appeared in the February 1979 edition of *Management Services in Government.*

A list of such assignments commissioned during the calendar year 1979 now follows. The list excludes:

(*a*) Computer consultancy (including assistance with computer systems and programming).
(*b*) The employment of consulting staff, whether on secondment from their firms or not, to augment departmental teams.

Advice to departments on the use of management consultants is given in *Code of Practice for the Use of Management Consultants by Government Departments,* copies of which may be obtained from Her Majesty's Stationery Office, price £0·31.

| *Department* | *Nature of assignment* | *Consultant used* |
|---|---|---|
| Agriculture Fisheries and Food, Ministry of | Review of liquid milk costing system | Binder Hamlyn Fry & Co. |
| Civil Service Department (on behalf of the Royal Commission on Criminal Procedure) | Review of Resource and Organisational Implications of Arrest and Summons | PA Management Consultants Ltd. |
| | Review of Resource and Organisational Implications of possible changes in the Prosecution System | Arthur Andersen & Co. |
| Defence, Ministry of | Introduction of an incentive bonus scheme at RNAY Fleetlands | Inbucon Ltd. |
| | Introduction of a measured incentive scheme at ROF Burghfield | H B Maynard & Co. Ltd. |
| Environment, Department of the | Feasibility study to compare costs with those of outside organisations | Deloitte, Haskins and Sells |
| Health and Social Security, Department of | Comparative study of ORS planning methodologies | Logica Ltd. |
| | Potential for wider use of Balance of Care | Arthur Andersen & Co. |
| | OR Support for the Mental Handicap Policy review | Arthur Andersen & Co. |
| | Manpower implications of the run down of a large psychiatric hospital | Institute of Manpower Studies |
| Health and Safety Executive | A preliminary study of grading of staff in Health and Safety Executive | Inbucon Ltd. |
| Industry, Department of | US investment in UK microelectronics production | SRI International |
| | Computer-aided design in manufacture of electronic capital goods | Akebia Ltd. |
| | UK and European industrial planning relationship | Society for Long Range Planning |
| | Study of European computer peripherals industry | Mackintosh Consultants Co. Ltd. |
| | Study of suitable system for pre-processing remotely sensed data | Logica Ltd. |
| | Study of non-woven textile industry | Shirley Institute |
| | Study of market opportunities for UK services in ship operations and marine technology | Hollobone Hibbert & Associates Ltd. |
| | Study of demand for small factory premises | Coopers & Lybrand Associates Ltd. |

| *Department* | *Nature of assignment* | *Consultant used* |
|---|---|---|
| Industry, Department of *(Continued)* | Study of World Markets for UK winch and windlass equipment | Burness Corlett & Partners Ltd. and Touche Ross & Co. |
| | Review of effectiveness of industrial development promotional organisations | Coopers & Lybrand Associates Ltd. |
| | Creation of Modular Systems for training materials handling operators | G B Chantril & Partners Ltd. and ICFC Training and Management Consultants Ltd. |
| | Supply of information on EEC activities relating to small businesses | Metra Consulting Group Ltd. and Serriway Ltd. |
| Inland Revenue | A study of the possible taxation of unemployment benefit | Arthur Young Management Services |
| Manpower Services Commission | Survey of training provisions and training needs in the sea fishing industry | Metra Consulting Group Ltd. |
| | Feasibility study for the unification of MSC Accounts | Coopers & Lybrand Associates Ltd. |
| | Survey of training needs in the private section of the forestry industry | Mr Lorraine-Smith |
| | Survey of training needs in the Scottish Health Service | Industrial Training Service |
| | Survey of training needs in the hairdressing industry | Social and Community Planning Research |
| Trade, Department of | Review of departmental administrative forms | Peat Marwick Mitchell & Co. and Economist Advisory Group Ltd. |
| Her Majesty's Stationery Office | Remeasurement of specified areas of the incentive scheme in the Manchester warehouse | Charnwood Management Centre |
| | Incentive scheme for the British Museum Bindery | H B Maynard & Co. Ltd. |
| | Study of publications distribution | PA Management Consultants Ltd. |
| | Review of the Manchester Press incentive scheme | Charnwood Management Centre |
| Welsh Office | A study of operational practice in the West Glamorgan Ambulance Service | Royal Institute of Public Administration OR Unit |

# New CSD Publications

This is a list of the documents recently issued by the Civil Service Department and its associated bodies. It includes material from the Central Computer and Telecommunications Agency and the Civil Service College as well as from CSD itself.

These items may be examined in the Central Management Library, Civil Service Department, Old Admiralty Building, Whitehall, London SW1A 2AZ.

Unless otherwise stated, requests for copies should be sent to the Central Management Library, CSD, at the above address. HMSO publications may be ordered from PO Box 569, London SE1 9NH; from Government Bookshops; or through any bookseller.

*An Experimental Comparison of Board and Sequential Interviewing: a preliminary report,* by R Bayne
1979 16pp; gratis
Recruitment Research Unit report No 10

*Civil Service Department: Personnel Services (Training) report for 1978/79*
1979 9pp; gratis

*Civil Service Year Book 1980*
HMSO 1980 347pp; £8.25 ISBN: 0 11 630245 3

*The Principal Civil Service Pension Scheme 1974: Rules*
HMSO 2nd ed 1979 148pp; £3.50 ISBN: 0 11 630420 0

*Public Speaking*
2pp Central Management Library bibliography series B 42; gratis

*Quota* (newsletter for the disabled)
Issue no. 3 January 1980 39pp; gratis

*Selection Interviewing: some Perspectives and Proposals for Research,* by R Bayne
1979 11pp gratis
Recruitment Research Unit report No. 9

*Staff Relations in the Civil Service*
3pp Central Management Library bibliography series B 41; gratis

*Subject Index: Schedule and Index of all current Estacode Circulars, General Circulars and General Notices*
Central Management Library 1980 30pp; gratis

**Central Computer and Telecommunications Agency**

*Departmental Survey of Microcomputers in Administration*
1979 16pp; gratis

**Civil Service College**

*The Application of Operational Research in Government,* by T P Turner
1979 17pp; gratis
CSC Working Paper No. 17

*Industrial Relations in the Civil Service: a training document*
HMSO 1980 73pp; £3.50 ISBN: 0 11 630427 8

*Micro-Electronics: a Non-Technical Briefing for Under Secretaries. Summary of proceedings of a seminar held 5 June 1979*
1980 32pp; gratis
CSC Working Paper No. 16

# Letter to the Editor

Dear Sir
Richard Wilding's reference (page 181 Nov 1979) to professional officers who 'happen to work in the Civil Service' implies that they are less committed to the service than are non-professional civil servants, although he may not have intended that it be read in that way.
A professional officer should be just as loyal to his employer as other senior staff. When carrying out his duties he must also give considered opinions based on his professional knowledge and expertise, but this does not detract from his commitment to his employer. No doubt some civil servants at senior level are more committed than others, but is there any evidence that professional officers are different from the rest? If it is thought that they are (or could be) does this lead to a bias against them in the promotion race?

Yours sincerely,

*A S Martin*
The White House
12 Kniveton Park
Ilkeston
Derbys DE7 5FD

*Richard Wilding writes: This is not at all what I meant; I am sorry if I misled Mr Martin. My point was that an architect in the Civil Service is of course a member of the architectural profession. But neither he nor his admininstrative colleague is a member of a civil service profession, since there is no such thing.—Editor.*

Printed in England for Her Majesty's Stationery Office
by The Campfield Press, St. Albans
Dd.0698161 K.48 6/80

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ISBN 0 11 722074 4

ISSN 0307-8558